



CONTRACTOR PURCHASING SYSTEM REVIEWS (CPSRs)

DCMC GROUP LEADERS CONFERENCE

Sydney Pope

Deputy Director, Supplier Risk
Management



PURPOSE OF A CPSR

- Manage risk where cost type contracts used
 - Provide basis for Contracting Officer to approve purchase system and waive consent requirements
 - Evaluate efficiency and effectiveness of prime contractors' purchasing systems
 - Ensure compliance with Government acquisition regulations (FAR Part 44) and contract clauses



RISK BASED POLICIES/PROCEDURES FAR/DFARS PART 44 CHANGES

- CPSR threshold raised from \$ 10 to \$25 Million
- Three year requirement for CPSR changed to conduct risk assessment to determine where needed
- Eliminated subcontract consent requirement when contractor has an approved purchasing system
- Eliminated outdated DFARS instructions not based on risk assessment concept
- Eliminated consideration of



DRAFT ONE BOOK CHAPTER

- **Consolidate CPSR and Consent to Subcontract**
 - One process - DCMC policy more consistent w/FAR
- **New chapter based on Supplier Risk Management Approach**
 - Reviews conducted only when risk assessment shows need
 - Maximum use made existing Contractor/Government data
 - Contractors encouraged to use Best Value approach



DRAFT CPSR GUIDEBOOK

- **Guidebook based on Supplier Risk Management**
 - Encourage tailoring of all CPSRs
 - Involve Management Councils in Risk Assessments
 - Use Risk Assessment “how to” formats
- Directive language eliminated
- One Book links updated



NEW CPSR COMPUTER PROGRAM

- Used to assist CPSR analyst during reviews
- Old program was outdated; update needed
- CPSR 6.0 being field tested - February



CPSR WORKSHOP

- **Forty CPSR specialists participated in workshop**
- **Workshop trained participants on new CPSR program**
- **Discussions focused on commerciality & electronic commerce**



DCMC-O LETTER TO CONTRACTORS

- Contractors reported reluctant to adopt commercial practices in for fear of negative CPSR
 - electronic commerce
 - credit card purchases
 - paperless systems
- Policy of DoD and DCMC to encourage contractors to use innovative commercial practices when subcontracting
- Letter sent to 357 CPSR contractors to dispel misconceptions



CORPORATE WIDE INITIATIVES

Reduce number of reviews and promote consistency

- Lead CPSR Analyst concept - Raytheon/Lockheed
 - Conducts review of corporate wide procurement policies - interface with Management Council
 - Results of review is shared with local CPSR teams
 - Local CPSR teams limit their reviews compliance with corporate policies and local procurement procedures



XXI

SUMMARY OF RESULTS

Status as of February 2000

**Barriers Removed-
FAR/One Book
Changed**

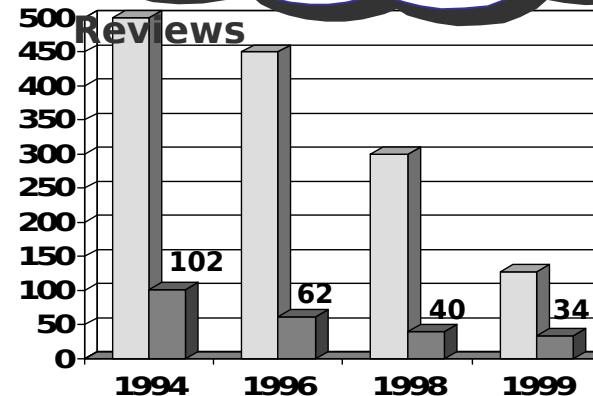
**Business
Improvements-
Implement Risk
Assessment Mgmt
Compliance**

**Streamlined Processes
- CPSR Guidebook
Updated**

50% Reduction in Review Man hours

67% Personnel Reduction

74% Reduction in Onsite



CPSR Reviews
CPSR Personnel

Insight Vice Oversight

- Taking Maximum Advantage of FAR Changes
- All Reviews Tailored Based on Risk
- Maximum Use of Available Data
- Best Value practices encouraged